

Message Text

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ORIGIN ARA-10

INFO OCT-01 IO-13 ISO-00 SAB-02 H-01 NSC-05 DODE-00

CIAE-00 TRSE-00 PA-01 L-03 SS-15 INR-07 AID-05

NSAE-00 USIA-06 OES-06 LAB-04 SIL-01 PM-04 /084 R

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C O N F I D E N T I A L STATE 085602

E.O. 11652:GDS

TA :PFOR, PN

SUBJECT:U.S.-PANAMA TREATY NEGOTIATIONS: WEEKLY

ACTIVITIES REPORT - APRIL 9 - APRIL 15

1. NEXT NEGOTIATING ROUND. THE U.S. NEGOTIATORS HAVE OFFERED TO COMMENCE THE NEXT FULL ROUND SOMETIME DURING THE FIRST WEEK IN MAY. THEY EMPHASIZED THAT OUR INTENTION IS TO DISCUSS ALL UNRESOLVED ISSUES. PANAMA'S RESPONSE AS WELL AS A DETERMINATION ON THE EXACT DATE AND LOCATION FOR THE ROUND ARE PENDING.

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2. ECONOMIC ARRANGEMENTS. THE U.S. NEGOTIATORS APPROVED ON APRIL 15 THE RECOMMENDATIONS OF THE INTERAGENCY WORKING GROUP, AND THEY ARE BEING FORWARDED TO INTERESTED AGENCIES FOR COMMENT. THE NEGOTIATORS REQUESTED THAT A SMALL TECHNICAL STUDY TEAM DEPART FOR CONSULTATIONS WITH THE PANAMA CANAL COMPANY AND THE U.S. EMBASSY AS SOON AS

POSSIBLE TO GATHER DATA RELATING TO THE MAJOR OPTIONS AVAILABLE TO THE U.S. NEGOTIATORS.

3. PRESIDENT CARTER'S OAS SPEECH. APRIL 14 SPEECH TO OAS COUNCIL INCLUDED FOLLOWING REMARKS ON PANAMA. QUOTE. THESE ARE CHALLENGES THAT FACE US IN THE FUTURE. THERE ARE ALSO PROBLEMS THAT PLAGUE US FROM THE PAST WHICH WE MUST WORK TO

SOLVE. ONE IS THE PANAMA CANAL. IN THE FIRST DAYS OF MY ADMINISTRATION I DIRECTED A NEW APPROACH TO OUR NEGOTIATIONS WITH PANAMA ON A NEW CANAL TREATY. IN THE LIGHT OF THE CHANGES WHICH I DISCUSSED BEFORE, THE TREATY OF 1903 WHICH DEFINES OUR RELATIONSHIP WITH PANAMA ON THE CANAL IS NO LONGER APPROPRIATE OR EFFECTIVE. I AM FIRMLY COMMITTED TO NEGOTIATING IN AS TIMELY A FASHION AS POSSIBLE A NEW TREATY WHICH WILL TAKE INTO ACCOUNT PANAMA'S LEGITIMATE NEEDS AS A SOVEREIGN NATION AND OUR INTERESTS IN THE EFFICIENT OPERATION OF A NEUTRAL CANAL, OPEN ON A NON-DISCRIMINATORY BASIS TO ALL USERS. UNQUOTE.

4. CODEL METCALFE. CHAIRMAN RALPH METCALFE OF HOUSE PANAMA CANAL SUBCOMMITTEE, ACCOMPANIED BY TWO OTHER CONGRESSMEN AND VARIOUS STAFFERS, MET WITH U.S. (CANAL ZONE, EMBASSY, AND SOUTHCOM) AND PANAMANIAN OFFICIALS AND CONDUCTED OVERSIGHT HEARINGS IN CANAL ZONE DURING VISIT TO PANAMA APRIL 11-14. HEARINGS FOCUSED ON FUTURE OF CANAL EMPLOYEES, BOTH U.S. AND PANAMANIAN, UNDER NEW TREATY, WITH CANAL ZONE GOVERNOR AND LEADERS OF CANAL ZONE CIVIC COUNCILS AND LABOR UNIONS AS PRINCIPAL WITNESSES. CONFIDENTIAL

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EMPLOYEE REPRESENTATIVES URGED MORE INFORMATION FOR EMPLOYEES ABOUT NEGOTIATIONS. THEY SAID RECENT USG 15-POINT STATEMENT OF ASSURANCES FOR EMPLOYEES WAS FORWARD STEP BUT REQUIRED AMPLIFICATION AND CLARIFICATION. UNION LEADERS GENERALLY REALISTIC ABOUT NEED TO COME TO TERMS WITH PROSPECT OF NEW TREATY AND PROPOSED ADDING LABOR REPRESENTATIVE TO NEGOTIATING TEAM. U.S. CIVIC COUNCIL REPRESENTATIVES STRESSED APPREHENSION OF U.S. CITIZEN EMPLOYEES ABOUT BECOMING SUBJECT TO PANAMANIAN JURISDICTION UNDER NEW TREATY. PANAMANIAN CIVIC COUNCIL REPS EXPRESSED FEAR THAT MANY PANAMANIAN EMPLOYEES WOULD LOSE JOBS AND URGED THAT PANAMANIAN EMPLOYEES BE OFFERED EASIER IMMIGRATION TO U.S. IF THEY DESIRED. IN PREDEPARTURE PRESS CONFERENCE, CHAIRMAN METCALFE ENDORSED EASIER ENTRY TO U.S. FOR PANAMANIAN EMPLOYEES AND URGED THAT PROPOSAL FOR LABOR REP ON NEGOTIATING TEAM BE GIVEN SERIOUS CONSIDERATION. METCALFE ALSO SAID PROSPECTS FOR CONGRESSIONAL APPROVAL OF NEW TREATY WERE NOT GOOD AT THIS TIME BUT MIGHT IMPROVE AS U.S. PUBLIC CAME TO KNOW MORE ABOUT

CANAL ISSUE.

5. STUDY FOR NSC ON NEGOTIATIONS. ARA/PAN IS REVIEWING A HISTORY OF THE NEGOTIATIONS PREPARED BY INR AT THE NSC'S REQUEST. THE STUDY SHOWS THE EVOLUTION OF THE POSITIONS TAKEN IN THE NEGOTIATIONS BY THE TWO SIDES SINCE THE NEGOTIATIONS COMMENCED IN 1965, AND DRAWS CONCLUSIONS ABOUT PANAMANIAN NEGOTIATING TACTICS AND OBJECTIVES.

6. ENVIRONMENTAL STUDY. IN COOPERATION WITH OES, ARA/PAN IS CONTINUING TO EXAMINE THE BEST WAY TO PROCEED WITH AN EXAMINATION OF THE ENVIRONMENTAL ASPECTS OF THE CANAL NEGOTIATIONS. A PROPOSAL FOR A PRELIMINARY ASSESSMENT BY A SHORT-TERM CONTRACTOR IS BEING CONSIDERED. CHRISTOPHER

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